

UNITED STATES INTERNATIONAL TRADE COMMISSION

**COMMERCIAL AVAILABILITY OF APPAREL INPUTS (2004):
EFFECT OF PROVIDING PREFERENTIAL TREATMENT TO
APPAREL OF CIRCULAR SINGLE-KNIT PRINTED JERSEY FABRIC
FROM CARIBBEAN BASIN COUNTRIES**

Investigation No. 332-458-020

November 2004



Commercial Availability of Apparel Inputs (2004): Effect of Providing Preferential Treatment to Apparel from Sub-Saharan African, Caribbean Basin, and Andean Countries

U.S. International Trade Commission Investigation No. 332-458-020

Products	Women's and girls' nightwear of circular single-knit printed jersey fabric
Requesting Parties	Jaclyn, Inc., New York, NY
Date of Commission Report: USTR Public	November 1, 2004 November 5, 2004
Commission Contact	Brian Allen (202-708-4728; brian.allen@usitc.gov)

NOTICE

THIS REPORT IS A PUBLIC VERSION OF THE REPORT SUBMITTED TO USTR ON NOVEMBER 1, 2004. ALL CONFIDENTIAL INFORMATION HAS BEEN REMOVED AND REPLACED WITH ASTERISKS (**).

Summary of Findings

The Commission's analysis indicates that granting duty-free and quota-free treatment to U.S. imports from eligible Caribbean Basin countries of women's nightwear containing certain circular single-knit jersey fabric, regardless of the source of the fabric, would likely have no effect on U.S. fiber, yarn, and fabric producers and their workers because there is no known domestic production of the subject fabric. There are also no known U.S. producers of the subject apparel. Therefore, the proposed preferential treatment would likely have no effect on any U.S. producers of women's and girls' knit nightwear and their workers. Further, the proposed action would likely benefit U.S. firms making apparel in eligible countries from the subject fabric, and their U.S.-based workers, as well as U.S. consumers.

Background

On February 2, 2004, following receipt of a request from the United States Trade Representative (USTR), the Commission instituted investigation No. 332-458, *Commercial Availability of Apparel Inputs (2004): Effect of Providing Preferential Treatment to Apparel from Sub-Saharan African, Caribbean Basin, and Andean Countries*, under section 332(g) of the Tariff Act of 1930 (19 U.S.C. 1332(g)). This investigation provides advice regarding the probable economic effect of granting preferential treatment for apparel made from fabrics or yarns that are the subject of petitions filed by interested parties in 2004 with the Committee for the Implementation of Textile Agreements (CITA) under the "commercial availability" provisions of the African Growth and Opportunity Act (AGOA), the United States-Caribbean Basin Trade Partnership Act (CBTPA), and the Andean Trade Promotion and Drug Eradication Act (ATPDEA).¹

The Commission's advice in this report relates to a petition received by CITA on September 20, 2004, alleging that certain circular single-knit jersey fabric cannot be supplied by the domestic industry in commercial quantities in a timely manner. The petitioner requests that the President proclaim preferential

¹ For more information on the investigation, see the Commission's notice of investigation published in the *Federal Register* of Feb. 9, 2004 (69 F.R. 6003) and consult the Commission's website at www.usitc.gov/332s/shortsup/shortsupintro.htm.

treatment for apparel made in eligible CBTPA beneficiary countries from such fabric, regardless of the source of the fabric.²

Discussion of the product

The petition states that the subject jersey fabric is classified in subheading 6006.34.00 (statistical reporting number 6006.34.0080) of the Harmonized Tariff Schedule of the United States (HTS) as a printed, knitted or crocheted fabric of synthetic fibers, not of double-knit or interlock construction.³ The petition states that the jersey fabric will be used to make women's and girls' pajamas and nightdresses (hereinafter referred to as nightwear), which are classifiable in HTS chapter 61 (apparel, knitted or crocheted). The 2004 general rate of duty on women's and girls' manmade-fiber nightwear classifiable under subheading 6108.32.00 is 16 percent ad valorem.⁴

The petition⁵ describes the fabric as a piece-dyed and printed, single-knit jersey fabric with a jacquard geometric rib stitch.⁶ The subject fabric consists of 64 percent polyester, 35.5–35.8 percent cotton, and 0.2–0.5 percent spandex by weight. The fabric is made of spun yarn with a filament core. The yarn size is 54.14 metric (32/1 English count).⁷ The petition states that the fabric must be knit on a jacquard machine in order to provide the “unique and complex geometric pattern, horizontal ribbing and puckered effect” and that the fabric must be piece-dyed (dyed in fabric form) before it is printed. The petition also specifies the stretch and recovery properties of the fabric (25 percent from a relaxed state and 90 percent recovery to a relaxed state).

The petitioner, Jaclyn, Inc., states that this fabric is “very lightweight” and “semi-transparent” and is a newer fabric that has not been available previously in the U.S. market and not available previously with the fabric's specific “type” of puckering. As the fabric will be used for women's nightwear, Jaclyn states that

² The President may proclaim such action if (1) he determines that the subject fabric or yarn cannot be supplied by the domestic industry in commercial quantities in a timely manner; (2) he has obtained advice from the Commission and the appropriate advisory committee; (3) he has submitted a report, within 60 calendar days after the request, to the House Committee on Ways and Means and the Senate Committee on Finance, that sets forth the action proposed, the reasons for such action, and advice obtained; (4) a period of 60 calendar days, beginning with the day on which he has met the requirements of (3), has expired; and (5) he has consulted with such committees on the proposed action during the 60-day period referred to in (3). In Executive Order No. 13191, the President delegated to CITA the authority to determine whether particular fabrics or yarns cannot be supplied by the domestic industry in commercial quantities in a timely manner. The President authorized CITA and USTR to submit the required report to the Congress.

³ Separate data on U.S. imports of the subject fabric are not available because the fabric is grouped with other related knitted fabrics in HTS subheading 6006.34.00.

⁴ Commission staff believes that the goods in question represent only a small percentage of the total imports under the subheading in question.

⁵ The fabric named in this petition is very similar to the fabric that was specified in the petition submitted by Jaclyn to CITA on Aug. 30, 2004, and that was the subject of Commission Investigation No. 332-458-018. Consequently, many of the rationales that Jaclyn offered in support of that petition also apply in this investigation. Gary Shepard, Director of Manufacturing, Jaclyn Apparel (a division of Jaclyn, Inc.), telephone interview by Commission staff, Oct. 14, 2004.

Among the differences between the current and previous petitions is the gauge of the knitting machinery used. The current petition references 28-gauge knitting machinery (see footnote 9, below) to be used in the production of the subject fabric, and the previous petition referenced 24-gauge knitting machinery. The U.S. knitting industry has a much greater capacity for knitting fabric using 28-gauge machinery because that machinery is more prevalent in the U.S. knitting industry; 24-gauge machinery is more prevalent in Japan. Charles Bremer, Sandler, Travis & Rosenberg, interview by Commission staff, Sept. 16, 2004 (conducted during the petition process for Investigation No. 332-458-018). Additionally, the fabrics are classifiable differently under the HTS because the subject fabric in the previous petition was dyed, whereas the subject fabric in this petition is dyed and printed.

⁶ Information in the paragraph is from the petition filed with CITA on behalf of Jaclyn, Inc., by Sandler, Travis & Rosenberg, P.A., Sept. 20, 2004.

⁷ The English count indicates the number of 840-yard lengths in a pound of yarn (the higher the yarn number, the lighter in weight or finer the yarn). An English yarn number of 32/1 indicates yarn size 32 and one ply. The conversion from the English count to the metric yarn number is “English yarn number multiplied by 1.6933” (the metric yarn number indicates the number of 1,000-meter lengths in a kilogram of yarn).

the softness and “hand” (or feel) of the fabric are important to its commercially successful use.⁸ The composition of the yarn used to knit the fabric appears to be the defining characteristic that meets the petitioner’s stated needs for this fabric. Jaclyn states that it, in conjunction with its customer, determined that this blended yarn (64 percent polyester/35.5–35.8 percent cotton/0.2–0.5 percent spandex) when knitted into fabric on a 28-gauge machine was “best” for Jaclyn and its customer.⁹

Jaclyn sources the fabric from *** and plans to use *** linear yards (*** square meters) of the fabric in 2004 and an estimated *** linear yards (*** square meters) of the fabric in 2005.¹⁰ According to Jaclyn, *** sends the fabric to *** in a CBTPA country (***), which manufactures the nightwear.¹¹ The petitioner’s website states that Jaclyn Apparel, a division of Jaclyn, Inc., provides sleepwear to department stores, mid-tier retailers, and national chains.¹² Jaclyn states that the nightwear at issue will be sold ***.¹³

Discussion of affected U.S. industries, workers, and consumers¹⁴

Commission staff contacted ***¹⁵***¹⁶***. Two companies not listed in the petition but referred to Commission staff were also contacted: ***.¹⁷ None of the firms contacted by Commission staff stated that they currently make the subject fabric. ***.

An official of ***.¹⁸

An official of ***.¹⁹

An official of ***.²⁰

An official of ***.²¹

⁸ Gary Shepard, Director of Manufacturing, Jaclyn Apparel (a division of Jaclyn, Inc.), telephone interview by Commission staff, Oct. 14, 2004.

⁹ *Ibid.* According to Jaclyn, a yarn composition different from the one specified in the petition would cause the fabric to have a different hand and a different weight. For example, decreasing the polyester content from 64 percent to 60 percent (a more common percentage in the U.S. fabric industry) would allegedly result in a different hand for the fabric. Similarly, decreasing or increasing the spandex content would affect the fabric’s stretching characteristics. Further, a different composition for this fabric would result in a heavier or lighter yarn, which would affect the weight of the final knitted fabric.

The term “28-gauge” refers to the number of metal needles per inch affixed to the knitting cylinder. Machines using 28-gauge cylinders produce fabric that is denser than machines using 18-gauge cylinders but less dense than machines using 32-gauge cylinders. Denser fabric is also heavier than less dense fabric, a characteristic that, if not desired, can be alleviated by using lighter yarns, which can be created by changing the composition of the yarn. As noted, Jaclyn states that the composition of the yarn is important to the softness and hand of its desired fabric.

¹⁰ *Ibid.* Jaclyn indicated that more fabric might be used in 2005 depending on consumer demand for the nightwear. *Ibid.*

¹¹ *Ibid.* Jaclyn indicated that production of the nightwear in the CBTPA country would be accounted for by ***. *Ibid.* ***. *Ibid.*

¹² See <http://jaclyninc.com/jaclyn-apparel.html>.

¹³ Gary Shepard, Director of Manufacturing, Jaclyn Apparel (a division of Jaclyn, Inc.), telephone interview by Commission staff, Oct. 14, 2004.

¹⁴ In general, the manufacturing progression for textiles and apparel is: (1) fibers are processed into yarns, (2) yarns are made into fabrics, (3) fabrics are cut into components, and (4) components are sewn into finished goods.

¹⁵ ***.

¹⁶ Commission staff did not contact ***. ***.

¹⁷ An official of *** did not respond to Commission staff inquiries as of Oct. 21, 2004.

¹⁸ ***.

¹⁹ ***.

²⁰ ***.

²¹ ***, telephone interview by Commission staff, Oct. 19, 2004.

Commission staff located no U.S. companies that manufactured women's nightwear of this fabric domestically.²²

Jaclyn stated that *** for these pajamas and nightdresses of this fabric.²³

Views of interested parties

No written submissions were filed with the Commission.

Probable economic effect advice²⁴

The Commission's analysis indicates that granting duty-free and quota-free treatment to U.S. imports of nightwear made in eligible CBTPA beneficiary countries from the subject fabric, regardless of the source of the fabric, would likely have no effect on U.S. fiber, yarn, and fabric producers and their workers because there is no known current domestic production of the subject fabrics. In addition, because of the specific fabric properties—specific size, light weight, and soft hand—required by the customer, information available to the Commission indicates that there is no domestic production of jersey fabric that could be substitutable for the subject fabric.

Based on information available to Commission staff, the proposed preferential treatment likely would have no effect on U.S. apparel producers and their employees because there are no known U.S. producers of the subject apparel. Imports supply most of the domestic market for women's and girls' nightwear.²⁵ The expected increase in imports of nightwear made in eligible CBTPA countries from the subject fabric would likely displace mostly imports from other countries to the extent that consumers would choose this nightwear material over another type. The proposed preferential treatment would likely benefit U.S. firms making apparel in eligible CBTPA countries with the subject fabric by increasing the supply and availability of such fabrics. The proposed preferential treatment also would likely benefit U.S. consumers of apparel made from the subject fabric to the extent that importers pass on some of the duty savings to retail consumers.

²² During the petition process for Investigation No. 332-458-018, the petitioner stated that they knew of no U.S. manufacturers of nightwear. Gary Shepard, Director of Manufacturing, Jaclyn Apparel (a division of Jaclyn, Inc.), e-mail, Sept. 25, 2004 (received during the petition process for Investigation No. 332-458-018).

²³ Commission staff was unable to contact representatives of *** for comments as of Oct. 21, 2004.

²⁴ The Commission's advice is based on information currently available to the Commission.

²⁵ Steve Lamar, AAFA, telephone interview by Commission staff, Sept. 27, 2004 (conducted during the petition process for Investigation No. 332-458-018).